

All Grade & Yield premiums shall be paid to the Producer and calculated at last week's average plant delivered meat price (\$62.19 in this example).

Example A is an example when last week's average price is greater than the guaranteed minimum price.

Example B:

- 1) Assume the daily average of the prior week's 11:00 a.m. Hormel Foods' Grade and Yield Plant Delivered Market is \$35.00.
- 2) Use \$2.10 for corn and \$170.00 for meal as in Example A.
- 3) Guaranteed Minimum Price is \$41.50 as in Example A.
- 4) Determine Contract price.
Since last week's average price is less than the guaranteed minimum price, the guaranteed minimum price becomes the contract price.

	<u>LIVE MARKET</u>	<u>MEAT PRICE</u>
Last Week's Average Price	\$35.00	\$47.94
Guaranteed Minimum Price	\$41.50	\$56.85
<u>Contract Price</u>	<u>\$41.50</u>	<u>\$56.85</u>

All Grade & Yield premiums shall be paid to the Producer and calculated at last week's average plant delivered meat price (\$47.94 in this example).

Example B is an example when last week's average price is less than the guaranteed minimum price.

CONTRACT PRICE DETERMINATION FOR STATION DELIVERED HOGS

Examples A and B are for plant delivered hogs; station delivered hogs will be discounted by the station delivered freight discount in effect at the time of delivery. The following calculations use the current (08/25/97) freight discount of \$0.75 per carcass cwt.

	<u>CONTRACT PRICES</u>		
	<u>Plant</u> <u>Live</u> <u>Price</u>	<u>Plant</u> <u>Meat</u> <u>Price</u>	<u>Station</u> <u>Meat</u> <u>Price</u>
Example A	\$43.45	\$59.52	\$58.77
Example B	\$41.50	\$56.85	\$56.10

	<u>LAST WEEK'S AVERAGE PRICES</u>		
	<u>Plant</u> <u>Live</u> <u>Price</u>	<u>Plant</u> <u>Meat</u> <u>Price</u>	<u>Station</u> <u>Meat</u> <u>Price</u>
Example A	\$45.40	\$62.19	\$61.44
Example B	\$35.00	\$47.94	\$47.19